

PART 387—DEFENSE CONTRACT AUDIT AGENCY

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AUTHORITY: 10 U.S.C. chapter 4.

SOURCE: 43 FR 32755, July 28, 1978, unless otherwise noted. Redesignated at 58 FR 39360, July 22, 1993.

§ 387.1 Purpose.

Pursuant to authority vested in the Secretary of Defense under the provisions of title 10, United States Code, this part establishes the Defense Contract Audit Agency (hereafter referred to as ‘DCAA’) with responsibilities, functions, authorities, and relationships as outlined below.

§ 387.2 Mission.

DCAA shall:

(a) Perform all necessary contract audit for the Department of Defense and provide accounting and financial advisory services regarding contracts and subcontracts to all Department of Defense components responsible for procurement and contract administration. These services will be provided in connection with negotiation, administration, and settlement of contracts and subcontracts.

(b) Provide contract audit service to other Government agencies as appropriate.

§ 387.3 Organization and management.

(a) DCAA is established as a separate agency of the Department of Defense under the direction, authority and control of the Assistant Secretary of Defense (Comptroller). It shall consist of a Director and such subordinate organizational elements as are established by the Director within resources authorized by the Secretary of Defense.

(b) No separate contract audit organization independent of the DCAA shall be established in the Department of Defense.

§ 387.4 Responsibilities and functions.

The Director, DCAA, shall:

(a) Organize, direct, and manage the DCAA and all resources assigned to the DCAA.

(b) Assist in achieving the objective of prudent contracting by providing DoD officials responsible for procurement and contract administration with financial information and advice on proposed or existing contracts and contractors, as appropriate.

(c) Audit, examine and/or review contractors’ and subcontractors’ accounts, records, documents, and other evidence; systems of internal control; accounting, costing, and general business practices and procedures; to the extent and in whatever manner is considered necessary to permit proper performance of the other functions described in paragraphs (d) through (l) of this section.

(d) Examine reimbursement vouchers received directly from contractors, under cost-type contracts, transmitting those vouchers approved for payment to the cognizant disbursing officer and issuing DCAA Form 1, ‘Notice of Contract Costs Suspended and/or Disapproved,’ with a copy to the cognizant contracting officer, with respect to costs claimed but not considered allowable. Where the contractor disagrees with a suspension or disallowance action by DCAA, and the difference cannot be resolved, the contractor may appeal in writing to the Administrative Contracting Officer (ACO) who will make his determination in writing. In addition, the contracting officer may direct the issuance of DCAA Form 1, ‘Notice of Contract Costs Suspended and/or Disapproved,’ with respect to any cost which he has reason to believe should be suspended or disapproved.

(e) Provide advice and recommendations to procurement and contract administration personnel on:

(1) Acceptability of costs incurred under redeterminable, incentive and similar type contracts.

(2) Acceptability of incurred costs and estimates of cost to be incurred as represented by contractors incident to the award, negotiation, modification, change, administration, termination, or settlement of contracts.